

**STATE OF ILLINIOS  
ILLINOIS COMMERCE COMMISSION**

Illinois-American Water Company	)	
	)	
	)	Docket No. 11-0265
	)	
Application for Approval of its Annual	)	
Reconciliation of Purchased Water and	)	
Purchased Sewage Treatment Surcharges	)	
pursuant to 83 Ill. Adm. Code 655.	)	

---

**REPLY BRIEF ON EXCEPTIONS OF THE STAFF OF THE ILLINIOS COMMERCE  
COMMISSION**

---

The Staff of the Illinois Commerce Commission (“Staff”), by and through its counsel, and pursuant to Section 200.830 of the Illinois Commerce Commission’s (“Commission” or “ICC”) Rules of Practice (83 Ill. Adm. Code 200.830), respectfully submits its Reply Brief On Exceptions in the above-captioned matter.

**INTRODUCTION**

On March 15, 2011, Illinois-American Water Company (“IAWC” or “Company”) filed its Application for Approval of its Annual Reconciliation of Purchased Water and Purchased Sewage Treatment Surcharges pursuant to 83 Ill. Adm. Code 655 (“Application”). On May 30, 2012, the People of the State of Illinois (“AG”) filed an appearance in the proceeding. On February 28, 2014, IAWC filed its direct testimony. Staff filed its direct testimony on May 20, 2014. On August 7, 2014, an evidentiary hearing was held. Pursuant to the schedule set by the Administrative Law Judge (“ALJ”), Staff, the AG, and IAWC each filed their respective Initial Briefs (“IB”) on October 8, 2014.<sup>1</sup> On

---

<sup>1</sup> The AG also filed an errata letter and a Corrected Initial Brief and Corrected Attachments on October 9, 2014.

November 14, 2014, Staff, the AG, and IAWC each filed their respective Reply Briefs (“RB”). On March 31, 2015, the ALJ issued a Proposed Order (“PO”). On April 15, 2015, the AG filed a Brief On Exceptions (“BOE”) to the PO.

## **DISCUSSION**

### **EXCESS SEWAGE FLOW CHARGES**

Staff recommends that the Commission reject the AG exception to disallow IAWC recovery of one-third of the cost of the excess sewage flow charges in the Country Club District for 2010. (AG BOE at 2-5.) Staff agrees with the PO’s conclusion. The PO states:

Having reviewed the record, the Commission finds that the disallowance proposed by the AG should not be ordered.

IAWC undertook and completed a substantial amount of work intended, in part, to reduce the occurrence and effects of I/I on the system during periods of wet weather. Unfortunately, the Company chose not to undertake such actions in time to prevent or mitigate I/I problems in 2008 and 2009 -- despite having prior knowledge of these problems and control over the sources and the repair of them -- resulting in a partial disallowance of excess flow charges in Dockets 09-0151 and 10-0203.

In contrast, IAWC did complete a meaningful amount of the above-referenced work in advance of the 2010 reconciliation year, particularly with respect to mainline sanitary sewer rehabilitation as described above. As such, the Commission finds that unlike the previous two reconciliation periods, the Company’s efforts to reduce the potential occurrence and effects of I/I on the Company side of the system in the subject reconciliation year were reasonable and timely.

Accordingly, the Commission concludes that no disallowance of excess flow charges paid to the City of Elmhurst should be imposed. In reaching this conclusion, the Commission observes that it has not given consideration to DR responses other than those which were made part of or discussed in the evidentiary record.  
(PO at 24-25.)

The AG takes exception to this conclusion, arguing that IAWC did “virtually” no infrastructure work in 2010. AG BOE, 2. The reconciliation amounts are not prudently

incurred, because, the AG argues, the evidence in the record demonstrates “that IAWC failed to timely take action to limit or control the high flows” delivered to the Elmhurst system in 2010 and that IAWC’s efforts to ameliorate it’s I/I problem in the Country Club District was “too little, too late.” Id. at 4. It is Staff’s opinion that IAWC has taken prudent actions up to and including the 2010 reconciliation year to address Inflow and Infiltration (“I/I”) problems in the wastewater collection system of its Country Club District. In 2009 and 2010, IAWC completed a study (\$71,453), sewer main rehabilitation (\$456,000), manhole rehabilitation, and sewer lateral rehabilitation (\$16,315) in the Country Club District, with significant capital expenditures of \$715,000, cumulatively. (IAWC RB at 14; Staff RB at 4-5, citing IAWC Ex. 2.0 at 5; IAWC Response to Staff DR WHA 1.01; IAWC Response to DR AG 1.20; AG Group Ex. 15; AG Group Ex. 13 at 4.) Also in 2009 and 2010, IAWC initiated a grant and loan program to provide financial assistance to customers to disconnect unauthorized connections on private property in order to reduce I/I, sent out educational letters to customers regarding the program and unauthorized connections, and held educational public meetings regarding the program and unauthorized connections. (IAWC RB at 13-15; Staff RB at 4-5, citing IAWC Ex. 2.0 at 7; AG Group Ex. 13; AG Corrected IB at 20.) Accordingly, Staff urges the Commission to reject the AG’s exception and adopt the language contained within the PO.

## **CONCLUSION**

WHEREFORE, the Staff of the Illinois Commerce Commission respectfully requests that its recommendations be adopted in their entirety consistent with the Proposed Order’s conclusions.

Respectfully submitted,

/s/\_\_\_\_\_

KIMBERLY J. SWAN  
KELLY A. TURNER  
Illinois Commerce Commission  
Office of General Counsel  
160 N. LaSalle St., Suite C-800  
Chicago, Illinois 60601  
T: (312) 793-2877  
F: (312) 793-1556  
Email: kswan@icc.illinois.gov  
kturner@icc.illinois.gov

April 22, 2015

*Counsel for the Staff of the  
Illinois Commerce Commission*